

INTELLECTUAL PROPERTY RIGHTS AND WIDENING GROWTH GAP

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Abstract

This article builds a model of cumulative growth in order to analyze the relationship between intellectual property rights (IPRs) and economic growth in 34 countries from 1975 to 2000. The analysis focuses on the role of IPRs that may widen or narrow the growth gap between countries. The empirical results show that IPRs affect economic growth by stimulating the accumulation of physical capital rather than encouraging innovative activities. We also find that the productivity growth rests on a cumulative growth mechanism based on investment and growth. These findings imply that IPRs affect the dynamics of growth gaps between countries by positively influencing the cumulative causation mechanism. Lastly, our estimates show that a wide variety of growth paths are available to countries, depending on their social capabilities.

Keywords: Intellectual Property Rights, Innovation, Growth Gap

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